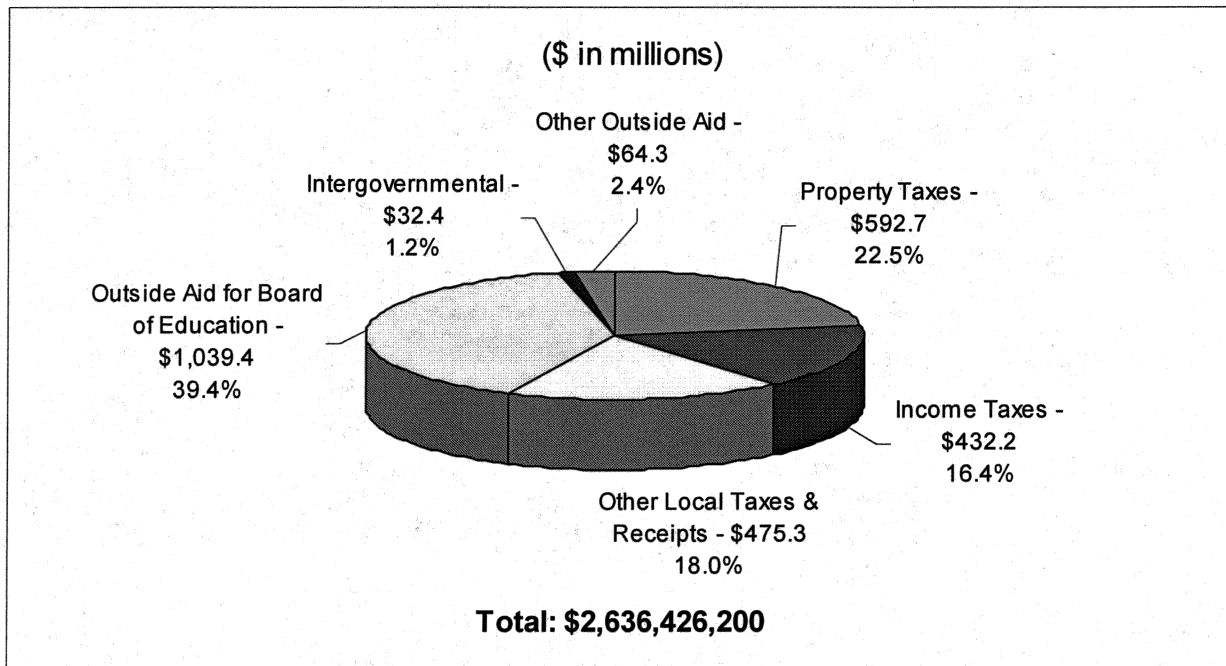


THE FY 2008 REVENUES AT A GLANCE

FY 2008 General Fund Revenues



REVENUE OVERVIEW

- The approved FY 2008 General Fund budget is \$2,636,426,200, which represents a \$263.2 million increase over FY 2007 approved budget.
- Of the increase, \$112.6 million is expected from County sources and \$150.6 million will come from outside sources.
- The annual growth rate of 11.1% is mainly attributed to State funding increases to the public schools, the anticipated strong performance in County Real Property Taxes, a proposed rate increase for County Telecommunications Tax, and the anticipated interest income growth. The growth of Transfer and Recordation Taxes and Income Taxes is expected to slow down but will still be slightly above the FY 2007 budgeted levels.

GENERAL FUND REVENUES

INTRODUCTION

The revenue table that accompanies each revenue source compares three years of data. In every instance, the \$ change and % change is from the prior year actual or approved amount. (Numbers may not add due to rounding.)

REAL PROPERTY TAXES are the taxes levied on both land and improvements of taxable real estate property. Taxes are levied annually and each quarter of the fiscal year as new properties are added to the base. Real Property Tax is the largest tax revenue of the County. The revenue yield is dependent on the following variables:

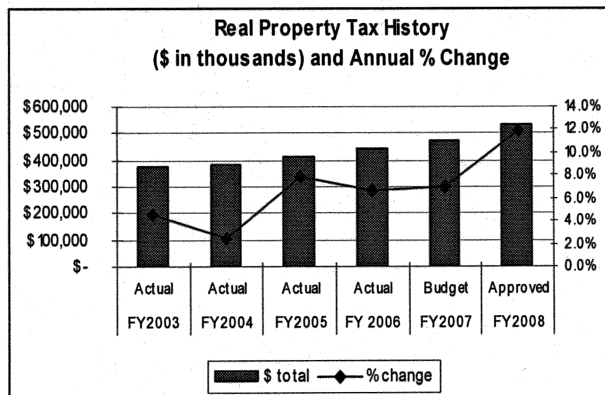
- The State's triennial assessment process.
- Assessment growth caps (for owner-occupied property).
- The assessment percentage.
- The housing market and the economy in general.
- The tax rate - including changes in the Municipal Tax Differential rates.
- Delinquencies and the required reserves.
- Appeals and adjustments in assessments.
- State funding of State credits.

Each year, one third of the County's real property base is reassessed by the State Department of Assessment and Taxation (SDAT) and the reassessed value is phased in over the next three years. The County is subject to Tax Reform Initiative by Marylanders (TRIM). Based on this charter provision, the General Fund County Real Property Tax rate could not exceed \$2.40 per \$100 of assessable value before FY 2002, and cannot exceed \$0.96 per \$100 of assessable value since FY 2002, when the real property assessable value was adjusted from 40% to 100% of market value.

REAL PROPERTY TAXES

(\$ in thousands)

	FY 2006 ACTUAL	FY 2007 APPROVED	FY 2007 ESTIMATED	FY 2008 APPROVED
YIELD	\$442,416	\$473,422	\$481,050	\$529,550
\$ CHG	27,544	31,006	38,634	56,128
% CHG	6.6%	7.0%	8.7%	11.9%



In FY 2008, the Real Property Tax rate will remain unchanged at \$0.96 per \$100 of assessable value. Real Property Tax revenue is projected to grow by 11.9% from the FY 2007 budget based on SDAT assessment projections. The real property base continues to show strong growth, despite the nationwide slowdown in the housing market accompanied by slowing home value appreciation since mid 2006. This is mainly because with the three-year phase-in policy, the strong reassessment growth in 2006 and earlier years will be carried over to FY 2008. In FY 2008, the reassessed property value is projected to grow by 26.5% (before the assessment growth cap is applied) for each of the next three years, the highest rate in a decade. In FY 2007, the reassessment grew (before the cap) by 20.2% annually.

However, the County's real property tax revenue capacity is not fully realized due to the structure of the County's Homestead Tax Credit. The credit, tied to the Consumer Price Index growth for the 12 months ending in June, caps the growth of owner-occupied property assessment for tax purposes at 4% in FY 2008. According to SDAT, this tax credit is estimated to cause a County revenue loss of approximately \$130.1 million in FY 2008.

PERSONAL PROPERTY TAXES are the taxes levied on tangible personal property and commercial and manufacturing inventory of businesses. The assessment is made annually at fair market value and determined from annual reports filed with SDAT. Starting in FY 2001, power-generating personal property has been subject to a phased-in partial assessment due to the State's electricity deregulation, which has resulted in a loss of potential revenues from Personal Property Taxes. To help partially offset the

negative impact, the State has been providing the County an Electricity Deregulation Grant (under Intergovernmental Revenues) annually.

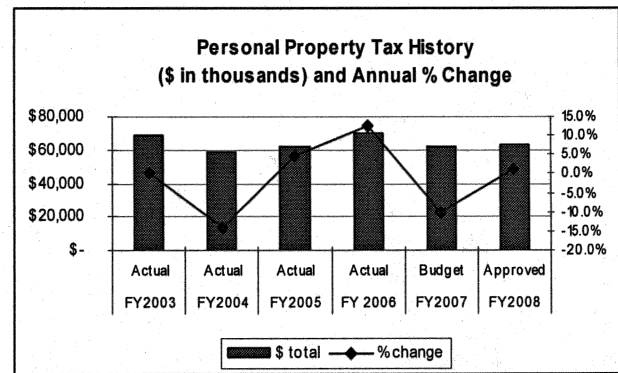
The personal property tax base is influenced by:

- Business cycle.
- Availability of commercial credit.
- Public utilities' income performance.
- Replacement of equipment.
- The State law on personal property assessment and depreciation.
- Tax rate - including changes in the Municipal Tax Differential rates.

The Personal Property Tax rate remains unchanged at \$2.40 per \$100 of assessed value. In FY 2008, Personal Property tax revenue is projected to grow slightly by 1.4% from FY 2007 as businesses increase capital investment and replace equipment. On the other hand, municipal tax differentials also increase rapidly due to higher costs associated with services (such as public safety and public works) provided by municipalities in lieu of County services, which result in more tax relief from County property tax revenues.

FY 2007 Personal Property tax collections showed a drop due to a one-time gain in FY 2006 (\$8.5 million in the General Fund, or a net amount of \$5.9 million after deducting attorney fees) from Mirant, Inc. Mirant, the largest taxpayer in the County, filed for Chapter 11 bankruptcy protection in 2003 and did not pay the Personal Property Tax owed to the County during FY 2004. The delayed payment arrived in FY 2006 and resulted in a higher-than-usual performance that year.

PERSONAL PROPERTY TAXES				
(\$ in thousands)				
	FY 2006 ACTUAL	FY 2007 APPROVED	FY 2007 ESTIMATED	FY 2008 APPROVED
YIELD	\$69,426	\$62,322	\$62,322	\$63,188
\$ CHG	7,831	-7,104	-7,104	866
% CHG	12.7%	-10.2%	-10.2%	1.4%



INDIVIDUAL INCOME TAXES are distributions made by the Maryland Comptroller's Office for the local tax on individual income. The State distributes the taxes to the County on a quarterly basis based on withholdings, declarations and estimated returns filed by employers and taxpayers. The State distributions are net of reserves for refunds, administrative costs, unallocated taxes (taxes for which no return has been filed), and municipal corporation shares. Municipalities receive a share of their residents' local income tax liability based on the greatest of 8.5% of the State income tax liability, 17% of the county income tax liability, or .37% of the Maryland taxable income of municipal residents. Tax tables are usually adjusted at the beginning of the calendar year when any tax law changes would take effect.

The following variables influence the tax yield:

- County Income Tax rate.
- Economy.
- Federal and State tax changes.
- Employment growth.
- The share to municipal governments.
- Taxpayer behavior.
- Capital gains realization rates.
- Disparity Grant.

The County's income tax revenue currently includes both income tax receipts and a State Income Disparity Grant. Income tax receipts are expected to decrease by \$9.2 million (2.3%) in FY 2007 and gain by \$23.1 million (5.9%) in FY 2008, in spite of the 4% - 4.5% baseline growth rate assumption for those years. The slower growth results in part from the income tax rate cut from 3.2% to 3.1% effective in January 2007, which will cost the County approximately \$6.5 million in FY 2007 and \$13.0 million in FY 2008. In addition, a State distribution policy change is projected to have a negative impact on FY 2007 revenues.

The State changed its local income tax distribution formula in early FY 2007 to accommodate the Federal law extension of the filing deadline for personal income

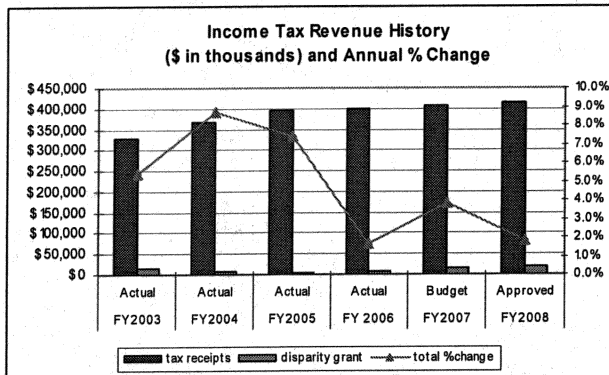
tax returns, which will result in a decrease in the County's FY 2007 quarterly distribution receipts from what it would have received based on the original distribution formula. The under-distributed amounts are expected to be mostly recouped from reconciliation distributions in FY 2008 and FY 2009, which will result in a net loss in FY 2007 but a higher growth rate in FY 2008.

The County's job market is relatively stable and personal income growth is expected to remain strong in 2007 and 2008. The unemployment rate in the County was 4.0% in December 2006, compared to 3.9% a year ago.

INCOME TAXES

(\$ in thousands)

	FY 2006 ACTUAL	FY 2007 APPROVED	FY 2007 ESTIMATED	FY 2008 APPROVED
TAX RE	\$399,166	\$408,449	\$389,993	\$413,133
DISPAR	\$9,762	\$15,963	\$15,963	\$19,110
TOTAL	\$408,928	\$424,412	\$405,955	\$432,243
\$ CHG	6,781	15,483	-2,973	7,832
% CHG	1.7%	3.8%	-0.7%	1.8%



In addition, the County will receive \$19.1 million of State Income Disparity Grant in FY 2008, compared to \$16.0 million in FY 2007. This grant is provided to counties where per capita local income tax revenue falls below 75% of the state average. The FY 2008 disparity grant is calculated by the State based on calendar year 2005 data. Despite an improved performance, the overall growth in County income tax receipts still fell below the state average because the County benefited less from capital gains as some other jurisdictions did. This caused an increase in the disparity grant.

TRANSFER TAXES are taxes imposed upon recordation of instruments conveying title to real property, or any other interest in real property. All transfer revenue is dedicated to the Board of Education. The tax rate is unchanged at 1.4% for FY 2008.

RECORDATION TAXES are taxes on the recordation of written instruments conveying title to real or personal property, conveying leasehold interests in real property or creating liens and encumbrances on real or personal property. The tax rate is \$2.20 per \$500 of assessed value, or 0.44%.

The variables influencing Transfer and Recordation Tax bases include:

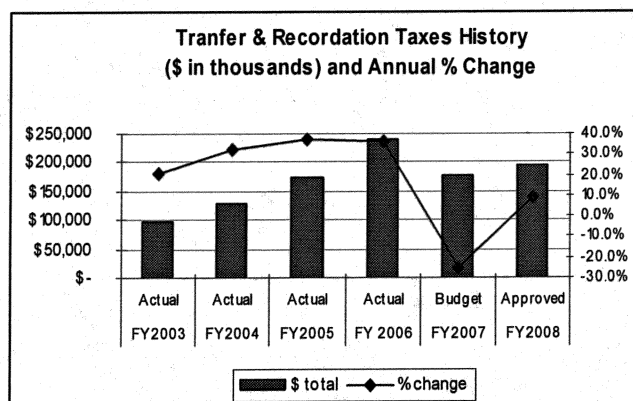
- Business cycle.
- Interest rates.
- Availability of credit.
- Real estate market.

Transfer and recordation taxes are usually the most volatile major revenue source of the County due to the strong correlation between the revenue collection and the activity of the local housing market.

TRANSFER AND RECORDATION TAXES

(\$ in thousands)

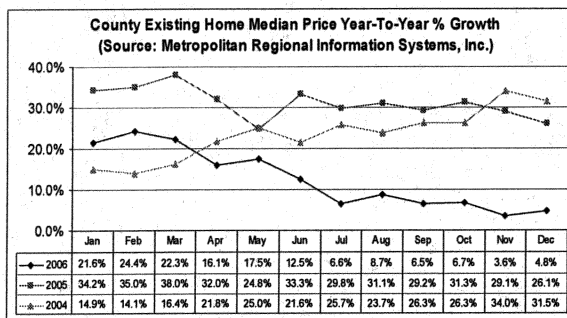
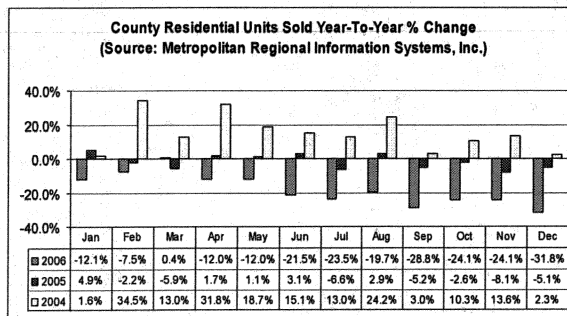
	FY 2006 ACTUAL	FY 2007 APPROVED	FY 2007 ESTIMATED	FY 2008 APPROVED
YIELD	\$238,086	\$177,692	\$214,985	\$193,129
\$ CHG	63,777	-60,394	-23,101	15,437
% CHG	36.6%	-25.4%	-9.7%	8.7%



In FY 2008, Transfer and Recordation Taxes are projected to decrease from the FY 2007 estimated level, but still exceed the approved FY 2007 budget. The FY

2008 projection assumes further declines in price and housing cost from the FY 2007 levels.

After six years' of strong growth, the County's housing market has slowed down since late 2005. The year-to-year existing home sales volume declined by double-digit percentages in most months of 2006 and finished with an overall 18.8% drop from 2005. The year-to-year growth of existing home sales prices has been slowing down from a double-digit to a single-digit increase. If this trend continues, the price growth could eventually become negative as some of the neighboring jurisdictions have experienced.



In December 2006, the median price for home resale in the County was \$330,000, 4.8% higher than the same period of 2005. The median price for a new single-family home in the fourth quarter of 2006 was \$639,900, an increase of 0.1%.

The number of active listings in the County by the end of 2006 was 3,036, twice as many as the same time in 2005. With mortgage rates well above the previous levels and numerous exotic mortgages and sub-prime loans issued by lenders, foreclosures are increasing nationwide in recent months and affordability has become a serious issue, which could further build up inventory and dampen sales. Despite the drop in sales volume and slower growth in sales price, however, the County has generally been performing slightly better than most other counties in the Washington Metropolitan Area. This is mainly due to competitive house pricing and the availability of open space for

development in the County. The projected strong employment in the region for the next twenty years is anticipated to keep the demand high and the local housing market is expected to remain healthy in the long run.

OTHER LOCAL TAXES include Energy Taxes, Telecommunications Taxes, Hotel/Motel Taxes, Admissions and Amusement Taxes, Penalties and Interest on Delinquent Taxes, and Trailer Camp Taxes.

In FY 2008, the total revenue from other local taxes is budgeted to grow by 12.4% over the FY 2007 approved budget, mainly due to the proposed rate increase from 8% to 11% for the Telecommunications Tax. All revenues collected from the Telecommunications Tax will be spent on school operations and construction.

OTHER LOCAL TAXES

(\$ in thousands)

	FY 2006	FY 2007	FY 2007	FY 2008
	ACTUAL	APPROVED	ESTIMATED	APPROVED
YIELD	\$115,636	\$118,883	\$116,384	\$133,608
\$ CHG	9,605	3,247	748	14,725
% CHG	9.1%	2.8%	0.6%	12.4%

The **Energy Tax** comprises approximately 38.4% of the total FY 2008 revenue in this category. The Energy Tax unit rates for a certain fiscal year are determined by the total consumption and sales of the calendar year two years prior. For example, the FY 2008 rates are based upon the calendar year 2006 data. The formula divides total calendar year 2006 sales (by type of energy used) by total 2006 consumption, which is then multiplied by 7.5%, the current effective tax rate, to arrive at the FY 2008 unit charge per kilowatt hour, therm, gallon or other unit. The FY 2008 rates compared to FY 2007 are shown below:

ENERGY TAX COMPONENTS

	FY 2007	FY 2008	%
	Rates	Rates	Change
Electricity (KWH)	0.005706	0.006714	18%
Natural Gas (Therm)	0.073040	0.085487	17%
Fuel Oil (Gal.)	0.130235	0.150968	16%
Propane (Gal)	0.169796	0.185493	9%

Fluctuations in energy usage due to weather conditions and the price instability of fuels such as natural gas and oil can cause major deviations in rates between fiscal years. Rate changes granted to the major utilities by the Public Service Commission also influence the yield from this revenue source. Oil prices stayed high throughout calendar year 2006 after the impact of Hurricane Katrina in late 2005. The spike in price was also attributed to a variety of factors including geopolitical impacts and the reported decline in reserves. According to the Energy Information Administration (EIA), residential electricity prices increased by 10.2% from 2005 to 2006 nationwide and residential natural gas prices increased by 8.0%. The FY 2008 revenue projection assumes normal growth from FY 2007. The FY 2007 estimate is adjusted lower than the FY 2007 budget due to the milder-than-expected winter weather in early 2007.

ENERGY TAXES

(\$ in thousands)

	FY 2006 ACTUAL	FY 2007 APPROVED	FY 2007 ESTIMATED	FY 2008 APPROVED
YIELD	\$48,281	\$52,043	\$49,754	\$51,247
\$ CHG	5,078	3,762	1,473	-796
% CHG	11.8%	7.8%	3.1%	-1.5%

The law provides for exemptions including certain qualifying residents, Federal, State and municipal governments. The entire Energy Tax is earmarked for the Board of Education.

Another major revenue item is the **Telecommunications Tax**, which represents about 46.8% of the FY 2008 revenues generated by "Other Local Taxes". This tax was introduced in FY 2003 based on House Bill 949 during the 2002 Session of the Maryland General Assembly. The tax revenue has been steady since its introduction due to a relatively stable landline market and a gradually expanding wireless market.

TELECOMMUNICATIONS TAXES

(\$ in thousands)

	FY 2006 ACTUAL	FY 2007 APPROVED	FY 2007 ESTIMATED	FY 2008 APPROVED
YIELD	\$44,614	\$47,222	\$47,224	\$62,481
\$ CHG	31	2,608	2,609	15,258
% CHG	0.1%	5.8%	5.8%	32.3%

The State mandated that the net proceeds of this tax be used only for expenditures of the County's school system. An administrative fee of one percent of collections remitted to the County is shared equally between vendors and the County to cover the cost of collecting and remitting the tax and administering the collection of the tax. The current rate is 8% on the gross receipts for telecommunications service in the County. The FY 2008 approved budget assumed a rate increase to 11%.

Starting in FY 2005, the County has been implementing the provision of Chapter 187 of the 2004 Laws of Maryland (HB 589) that authorized the County to utilize up to 10% of the net proceeds from the Telecommunications Tax for school renovation and systemic replacement projects. As a result, FY 2007 and FY 2008 Telecommunications Tax General Fund revenue does not account for the 10% dedicated for capital budget expenditures. Similarly, the FY 2006 revenue is net of \$3.8 million, which was dedicated to Board of Education capital projects.

Hotel/Motel Taxes and Admissions and Amusement Taxes are expected to experience normal growth in FY 2008 with the assumption that the economy will stay stable. The Admissions and Amusement Tax revenue is anticipated to decrease in FY 2007 following a one-time boost in FY 2006. The tax rate remains unchanged at 10%. The Hotel/Motel tax rate will be maintained at 5%, with municipalities receiving 50% of the revenue received from hotels located within their corporate limits.

STATE SHARED TAXES consist of highway user and corporate transfer taxes that are shared between the State and the County.

STATE SHARED TAXES

(\$ in thousands)

	FY 2006 ACTUAL	FY 2007 APPROVED	FY 2007 ESTIMATED	FY 2008 APPROVED
YIELD	\$28,434	\$31,309	\$29,947	\$30,402
\$ CHG	4,592	2,875	1,514	-907
% CHG	19.3%	10.1%	5.3%	-2.9%

Highway User Revenue will reach \$30.4 million in FY 2008 according to the Governor's Budget, which is \$2.0 million higher than the FY 2006 actual but \$0.9 million lower than the FY 2007 budget. In FY 2004, the revenue suffered severe reductions as part of the State's strategy to deal with fiscal constraints. It has been gradually restored since FY 2005. However, in FY

2008 the revenue is expected to be tightened again because the State is forecasting a deficit in FY 2009.

The highway user revenues are restricted State monies and can only be used to construct or maintain roads, including payment of road debt. The State receives 70% of the revenues derived from certain fuel taxes, titling taxes, licenses, and corporate income taxes. The remaining 30% is allocated to local jurisdictions. The County's allocation is based on local road mileage and vehicle registrations. Municipalities in the County receive a share on the same basis. Approximately 25% of the County share goes to the municipal governments.

LICENSES AND PERMITS include revenue derived from a number of licenses and permits issued for regulatory purposes. They include Building Permits, Street Use Permits, Business Licenses (regulatory, not income-related), Liquor Licenses and Permits (authorized by the State), Animal Licenses, Health Permits, and various other permits.

LICENSES AND PERMITS				
(\$ in thousands)				
	FY 2006	FY 2007	FY 2007	FY 2008
	ACTUAL	APPROVED	ESTIMATED	APPROVED
YIELD	\$29,011	\$24,462	\$25,970	\$25,525
\$ CHG	6,505	-4,549	-3,040	1,063
% CHG	28.9%	-15.7%	-10.5%	4.3%

The largest portion of these revenues is related to the building sector of the economy, and as such is subject to significant year-to-year changes as the amount of construction in the County varies.

Building and street use permits experienced strong growth in FY 2005 and FY 2006 in terms of the number of permits issued and the revenue amounts collected during the housing market boom.

In late 2006, the growth in residential building permits started to moderate especially for the multi-family sector. The combined residential permits issued after September 2006 have decreased by an average of 24.1% from the same period last year. Although the County has not seen major declines in commercial building and street use permit revenues, permit revenues from the

National Harbor project, which fueled the growth in the past few years, are expected to diminish in FY 2008. Other economic development projects will continue to generate increased permit revenues.

USE OF MONEY AND PROPERTY includes revenue derived from the investment of idle County

USE OF MONEY AND PROPERTY				
(\$ in thousands)				
	FY 2006	FY 2007	FY 2007	FY 2008
	ACTUAL	APPROVED	ESTIMATED	APPROVED
YIELD	\$27,386	\$21,971	\$34,262	\$33,370
\$ CHG	13,373	-5,415	6,876	11,399
% CHG	95.4%	-19.8%	25.1%	51.9%

cash and the lease of certain County owned or leased properties.

Interest income is projected to be \$33.1 million in FY 2007 and \$32.2 million in FY 2008, which is significantly higher than the actual of FY 2006. The Federal Reserve raised interest rates 17 consecutive times from 3.25% in mid 2005 to 5.25% in June 2006, and has kept it stable since then due to signs of economic slow-down and inflation pressure. The projection assumes an average Federal Funds Rate (FFR) of 5.25% in FY 2007 and 4.8% in FY 2008. At the present time, it is widely anticipated that the Fed will keep the same rate for a while in 2007 and after that both rate hikes and cuts are possible depending on the global and national economic conditions then.

CHARGES FOR SERVICES are typically known as user fees. For example, the County receives Correction Service Charges for housing State and Federal prisoners; fees from tax collection services provided to various agencies for whom the County levies taxes; Animal Control Charges such as fines and user fees related to the County shelter; fees and charges levied by the Health Department for health-related services; Cable Franchise Charges from Comcast Cable Communications; the 911 Fee that is allocated to the 911 emergency system costs; and contractual police services used by certain municipal governments in lieu of full-time municipal police.

CHARGES FOR SERVICES

(\$ in thousands)

	FY 2006 ACTUAL	FY 2007 APPROVED	FY 2007 ESTIMATED	FY 2008 APPROVED
YIELD	\$25,444	\$25,359	\$24,590	\$26,185
\$ CHG	-1,666	-85	-854	826
% CHG	-6.1%	-0.3%	-3.4%	3.3%

Corrections Charges are expected to remain at the FY 2007 and FY 2008 levels. In recent years the number of cable subscribers has been slightly decreasing while the Cable Franchise Revenue has grown modestly due to higher rates and new services provided. With Verizon being awarded a cable franchise, the number of cable subscriptions is anticipated to rise gradually. Service rates, however, could be lower due to the introduction of competition. Therefore, minor growth in Cable Franchise Revenue is projected for FY 2008. The 911 Fee experienced a one-time revenue increase in FY 2006 due to an underpayment in FY 2005 corrected and paid in FY 2006. The FY 2007 and FY 2008 projections assume minor growth. Health Fees increased slightly in FY 2006 due to positive collections in certain fees. Although the growth is expected to continue in FY 2007 and FY 2008, the projection of total Health Fees in the General Fund has been lowered due to the transfer of medical assistance fees to a Special Revenue Fund as a grant starting in FY 2007. Fees for emergency transportation and related services are projected to increase by \$1 million due to rate increases.

Overall, charges for services will experience a 3.3% growth rate in FY 2008 after a drop in FY 2007 following several one-time gains in FY 2006.

INTERGOVERNMENTAL REVENUES include State restricted grants, along with a small portion of Federal monies related to emergency preparedness. In FY 2006 three State grants – anti-violence, drug, and public safety – were converted from revenues to non-competition grants by the State, and some previous recoveries were reclassified as revenues, such as the Miscellaneous MNCPPC revenues.

INTERGOVERNMENTAL REVENUES

(\$ in thousands)

	FY 2006 ACTUAL	FY 2007 APPROVED	FY 2007 ESTIMATED	FY 2008 APPROVED
YIELD	\$35,994	\$32,590	\$32,405	\$32,424
\$ CHG	8,135	-3,404	-3,590	-166
% CHG	29.2%	-9.5%	-10.0%	-0.5%

Most State aid in FY 2008 stayed intact from the FY 2007 levels. However, cuts are possible in the upcoming years since legislators and State officials are trying to find solutions to the state's projected deficit in FY 2009. In recent years, various State aid to local jurisdictions experienced reductions while the State tried to achieve a balanced budget amid economic recession. The decrease in FY 2007 from the FY 2006 budget is mainly due to a \$2.6 million delayed payment for local health grant and a \$1.3 million one-time grant in FY 2006 for Dimensions Healthcare System, Inc. The minor drop projected for FY 2008 is due to the elimination of several one-time grants offered in FY 2007.

MISCELLANEOUS RECEIPTS encompass a number of relatively minor County revenues. The principal sources are Fines and Forfeitures (mostly from red light cameras) and County sales. The decrease in miscellaneous revenues in FY 2006 and FY 2007 is mostly attributed to fewer fines from red light cameras. The FY 2008 projection assumes moderate growth in red light camera revenues from FY 2007 but factors out some one-time FY 2007 miscellaneous receipts.

MISCELLANEOUS RECEIPTS

(\$ in thousands)

	FY 2006 ACTUAL	FY 2007 APPROVED	FY 2007 ESTIMATED	FY 2008 APPROVED
YIELD	\$3,254	\$2,995	\$2,597	\$2,972
\$ CHG	-387	-259	-657	-23
% CHG	-10.6%	-8.0%	-20.2%	-0.8%

OTHER FINANCING SOURCES includes use of Fund Balance and transfers-in of monies from other County funds.

Normally, these sources are one-time in nature. The \$30.15 million use of fund balance approved for FY 2008 includes \$25.8 million for CIP pay-go (\$4.6 million for the Public Safety Communication System, \$4.3 million for the Enterprise Resource Planning System of the Community College, \$4.0 million for the Redevelopment Authority, \$2.8 million for the African-American Museum, \$2.5 million for a County garage, \$2.0 million for animal control facilities, and \$5.6 million for various other projects).

OTHER FINANCING SOURCES (\$ in thousands)				
	FY 2006 ACTUAL	FY 2007 APPROVED	FY 2007 ESTIMATED	FY 2008 APPROVED
YIELD	\$11,544	\$24,800	\$24,800	\$30,150
\$ CHG	6,544	13,256	13,256	5,350
% CHG	130.9%	114.8%	114.8%	21.6%

BOARD OF EDUCATION SOURCES grow by 16.6% in FY 2008 from the FY 2007 budget. The growth is mainly due to a higher cost of living adjustment in the State (Thornton) funding formula. As in previous years, the state did not fund the Geographic Cost of Education Index (GCEI). The budget includes \$25.6 million in use of Board of Education fund balance. FY 2008 is the last year for the five-year phase-in of the Thornton legislation, which substantially increased the amount of State Aid to public schools.

BOARD OF EDUCATION SOURCES (\$ in thousands)				
	FY 2006 ACTUAL	FY 2007 APPROVED	FY 2007 ESTIMATED	FY 2008 APPROVED
YIELD	\$810,228	\$891,158	\$891,158	\$1,039,368
\$ CHG	91,300	80,930	80,930	148,210
% CHG	12.7%	10.0%	10.0%	16.6%

COMMUNITY COLLEGE SOURCES in FY 2008 grow by 2.4% from FY 2007. This revenue mostly comes from tuition, fees, charges and formula-driven State aid. The increase in FY 2008 is mostly due to the State funding of \$21.9 million based on the most recent

State Cade Funding Formula. Tuition is expected to decrease slightly due to lower enrollment.

COMMUNITY COLLEGE SOURCES (\$ in thousands)				
	FY 2006 ACTUAL	FY 2007 APPROVED	FY 2007 ESTIMATED	FY 2008 APPROVED
YIELD	\$51,037	\$54,522	\$54,525	\$55,805
\$ CHG	-618	3,485	3,487	1,283
% CHG	-1.2%	6.8%	6.8%	2.4%

LIBRARY SOURCES increase by 15.7% to \$8.5 million in FY 2008. Fines, fees and other revenue generated by the Library system account for approximately \$1.9 million, which includes a \$0.6 million one-time use of library reserves. The remaining \$6.6 million is provided by the State. This amount is based on a formula that measures estimated County population and the relative wealth of counties.

LIBRARY SOURCES (\$ in thousands)				
	FY 2006 ACTUAL	FY 2007 APPROVED	FY 2007 ESTIMATED	FY 2008 APPROVED
YIELD	\$7,030	\$7,355	\$7,355	\$8,506
\$ CHG	275	325	325	1,151
% CHG	4.1%	4.6%	4.6%	15.7%

SUMMARY: The County's total General Fund revenue is projected to grow by 11.1% in FY 2008, mainly attributed to the increase in State aid to the Board of Education. Other major sources of revenue growth include Real Property Taxes, Telecommunications Tax (including a proposed rate increase), Transfer and Recordation Taxes (lower than the FY 2007 estimate but still higher than the FY 2007 budget), Interest Income, and Income Tax.

However, County source revenues not including outside aid will grow only by 7.9% in FY 2008, which represents a significant slowdown from FY 2005 and FY 2006 when the actual growth rates were 9.5% and 11.9%, respectively. The main reason is that the real estate market that had helped generate significant revenue growth in the previous years has been slowing down, resulting in a lower growth rate for revenues. In addition, the County's income tax rate cut effective in January 2007, the State's income tax distribution policy

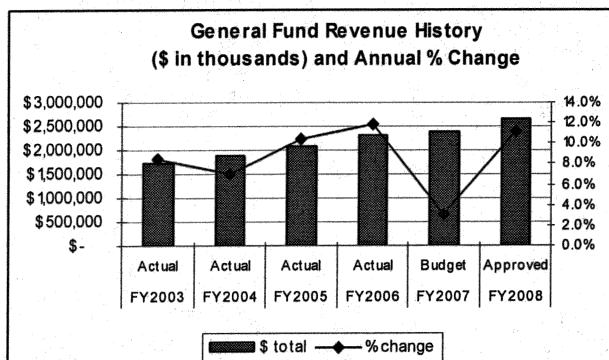
change due to the extension of the Federal filing deadline, and the elimination of one-time gains have also contributed to the lower revenue growth.

Growth of outside aid to the Board of Education is strong in FY 2008, which represents the last year for the five-year phase-in of the Thornton legislation. However, challenges are expected in FY 2009 and the years thereafter since no new source of funding has been identified at the State level, and outside aid to education will grow at a much slower rate than it has over the past five years.

TOTAL GENERAL FUND

(\$ in thousands)

	FY 2006 ACTUAL	FY 2007 APPROVED	FY 2007 ESTIMATED	FY 2008 APPROVED
YIELD	\$2,303,855	\$2,373,251	\$2,408,306	\$2,636,426
\$ CHG	243,590	69,397	104,451	263,175
% CHG	11.8%	3.0%	4.5%	11.1%



In conclusion, the County is still expected to experience moderate revenue growth in FY 2008, but at a much slower pace compared with that of the last several years. With the increased volatility of the revenue stream and limitations on the County's property tax rate and other revenue sources, the County needs to maintain its financial reserves at a healthy level and continue to use caution when committing to new ongoing expenditures.

**ASSESSABLE BASE
REAL AND PERSONAL PROPERTY**
(in millions)

Location	REAL PROPERTY 2007	PERSONAL PROPERTY 2007	TOTAL BASE 2007	REAL PROPERTY 2008	PERSONAL PROPERTY 2008	TOTAL BASE 2008
Berwyn Heights	\$ 187.60	\$ 21.23	\$ 208.83	\$ 209.50	\$ 22.47	\$ 231.97
Bladensburg	274.60	16.69	291.29	306.26	20.36	326.62
Bowie	4,272.54	96.33	4,368.87	4,611.45	97.80	4,709.25
Brentwood	118.23	3.94	122.17	139.12	4.34	143.46
Capitol Heights	191.18	6.59	197.77	210.78	6.29	217.07
Cheverly	352.21	14.28	366.49	386.11	16.14	402.25
College Park	1,225.32	70.42	1,295.74	1,409.58	70.99	1,480.57
Colmar Manor	58.73	2.52	61.25	65.05	2.60	67.65
Cottage City	62.47	2.99	65.46	68.93	3.03	71.96
District Heights	247.67	4.32	251.99	269.35	4.23	273.58
Eagle Harbor	4.51	0.04	4.55	4.83	0.04	4.87
Edmonston	91.48	4.15	95.63	104.95	5.39	110.34
Fairmount Heights	68.91	1.17	70.08	76.80	1.12	77.92
Forest Heights	118.42	2.49	120.91	128.93	2.55	131.48
Glenarden	248.04	4.18	252.22	279.39	4.34	283.73
Greenbelt	1,354.73	85.49	1,440.22	1,520.67	88.06	1,608.73
Hyattsville	794.54	68.88	863.42	1,091.94	70.23	1,162.17
Landover Hills	64.43	3.45	67.88	70.26	3.00	73.26
Laurel	1,504.03	82.45	1,586.48	1,716.17	84.38	1,800.55
Morningside	65.71	1.37	67.08	72.00	1.78	73.78
Mount Rainier	236.48	4.00	240.48	277.45	3.65	281.10
New Carrollton	486.30	10.97	497.27	546.94	11.26	558.20
North Brentwood	28.06	0.84	28.90	32.17	0.90	33.07
Riverdale Park	321.38	21.01	342.39	377.02	13.89	390.91
Seat Pleasant	189.36	6.26	195.62	207.32	5.47	212.79
University Park	213.32	1.83	215.15	226.85	1.82	228.67
Upper Marlboro	66.19	14.47	80.66	69.54	14.53	84.07
SubTotal	\$ 12,846.44	\$ 552.36	\$ 13,398.80	\$ 14,479.36	\$ 560.66	\$ 15,040.02
Unincorporated Area	\$ 37,807.36	\$ 2,244.76	\$ 40,052.11	\$ 42,178.41	\$ 2,287.34	\$ 44,465.75
TOTAL COUNTY WIDE	\$ 50,653.80	\$ 2,797.12	\$ 53,450.91	\$ 56,657.77	\$ 2,848.00	\$ 59,505.77

Source: State Department of Assessments and Taxation

Note: Starting from FY 2002, real property in Maryland has been assessed at 100% of market value rather than 40% in most cases under prior law. This change was required by Maryland Senate Bill 626 in 2000. Assessed value of personal property remains unchanged at 100% of market value.

PROPERTY TAX LIMITATION FISCAL YEAR 2008

At the 1978 general election, the voters of the County adopted an amendment to Section 817, Article VIII, of the Prince George's County Charter limiting future collections of real property taxes. The amendment, which became effective in December 1978, added Section 817B to the Charter. It is generally referred to in the County as "TRIM" (TRIM is an acronym for "Tax Reform Initiative by Marylanders"). The amendment forbade the County Council to "levy a real property tax which would result in a total collection of real property taxes greater than the amount collected in FY 1979," or \$143.9 million. At the 1984 general election, an amendment to TRIM was approved by the voters of the County authorizing the County Council to levy taxes on a maximum rate of \$2.40 for each \$100 of assessed value. The County passed legislation capping taxable assessment growth in FY94 and future years for owner occupied residences at the lesser of the change in the Consumer Price Index (CPI) or 5% of the prior year's taxable assessment. For FY 2008 the cap is set at 4%. This limitation is a charter mandated computation passed by the voters in November 1994, and is permitted by the Tax Property Article, Section 9-105 of the Annotated Code of Maryland.

In 2000, Maryland Senate Bill 626 provided that beginning in tax year 2001, property tax rates shall be applied to 100%, instead of 40%, of the value of real property, and that the real property tax rate be adjusted to make the impact revenue neutral. The bill also stipulated that any limit on a local real property tax rate in a local law or charter provision shall be constructed to mean a rate equal to 40% times the rate stated in the local law or charter provision. As a result, nominal real property rate of the County was adjusted to \$0.96/\$100 of assessed value in FY 2002.

Yield Calculation

	FY 2008 Tax Base	FY 2008 Tax Yield
REAL PROPERTY BASE JULY 1, 2007 ¹	\$56,657,777,942	
Add: New Construction	<u>350,000,000</u>	
TOTAL REAL PROPERTY BASE FY 2008	\$57,007,777,942	
Nominal Real Property Tax Rate/\$100	\$0.96	
REAL PROPERTY YIELD		\$547,274,668
TOTAL PERSONAL PROPERTY BASE FY 2008	\$2,848,003,000	
Nominal Personal Property Tax Rate/\$100	\$2.40	
PERSONAL PROPERTY TAX YIELD		<u>\$68,352,072</u>
TOTAL PROPERTY TAX YIELD (Unadjusted)		\$615,626,740
Less: Collection Allowance (1.0%)		(6,156,267)
Municipal Tax Differential		(15,432,308)
Adjustments ²		<u>(1,300,065)</u>
TOTAL GENERAL FUND PROPERTY TAX YIELD		\$592,738,100
 Total County Real Property Nominal Tax Rate/\$100	 \$0.96	
Total County Personal Property Nominal Tax Rate/\$100	\$2.40	

¹ Estimates based on reports from the State Department of Assessments and Taxation (as of February, 2007). Adjustments for abatements/credits and a 4% cap on reassessment growth included.

² Adjustments include regular and one-time adjustments.

CONSTANT YIELD DATA

The County real property tax rates for municipalities and the unincorporated area of the County are detailed below, along with the constant yield tax rates as certified by the State Department of Assessments and Taxation. In accordance with Title 6, Subtitle 6-308 of the Tax-Property Article of the Annotated Code of Maryland, a rate which exceeds the constant yield rate is subject to certain advertising and public hearing requirements. Per Maryland Senate Bill 626, the real property tax rate was adjusted to reflect the conversion to full value assessments of real property, effective October 1, 2000. Starting from February, 2001, personal property has been excluded from the constant yield tax rate as reported by the State Department of Assessments and Taxation. The personal property tax rate is fixed at 2.5 times the rate on real property.

LOCATION	APPROVED 2007			APPROVED 2008		
	TAX RATE	CONSTANT YIELD TAX RATE	OVER (UNDER)	TAX RATE	CONSTANT YIELD TAX RATE	OVER (UNDER)
Berwyn Heights	\$ 0.8090	\$ 0.7710	0.0380	\$ 0.8050	\$ 0.7410	0.0640
Bladensburg	0.8020	0.7270	0.0750	0.7970	0.7260	0.0710
Bowie	0.9450	0.8770	0.0680	0.9460	0.8920	0.0540
Brentwood	0.9370	0.8860	0.0510	0.9380	0.8040	0.1340
Capitol Heights	0.8240	0.7730	0.0510	0.8200	0.7630	0.0570
Cheverly	0.8160	0.7670	0.0490	0.8130	0.7590	0.0540
College Park	0.9430	0.8900	0.0530	0.9440	0.8280	0.1160
Colmar Manor	0.9420	0.8840	0.0580	0.9320	0.8750	0.0570
Cottage City	0.8220	0.7500	0.0720	0.8180	0.7550	0.0630
District Heights	0.8140	0.7810	0.0330	0.8100	0.7630	0.0470
Eagle Harbor	0.9550	0.8980	0.0570	0.9550	0.8970	0.0580
Edmonston	0.8150	0.7910	0.0240	0.8110	0.7220	0.0890
Fairmount Heights	0.8800	0.8150	0.0650	0.8770	0.8090	0.0680
Forest Heights	0.8580	0.8300	0.0280	0.8490	0.7910	0.0580
Glenarden	0.8340	0.7870	0.0470	0.8310	0.7740	0.0570
Greenbelt	0.7960	0.7540	0.0420	0.7920	0.7170	0.0750
Hyattsville	0.8020	0.7880	0.0140	0.7970	0.6900	0.1070
Landover Hills	0.8080	0.7340	0.0740	0.8040	0.7460	0.0580
Laurel	0.7690	0.7270	0.0420	0.7640	0.7220	0.0420
Morningside	0.8230	0.7650	0.0580	0.8190	0.7640	0.0550
Mount Rainier	0.8030	0.7580	0.0450	0.7990	0.6860	0.1130
New Carrollton	0.9470	0.8690	0.0780	0.8970	0.8630	0.0340
North Brentwood	0.9490	0.9130	0.0360	0.9490	0.8320	0.1170
Riverdale Park	0.7980	0.7580	0.0400	0.7940	0.6840	0.1100
Seat Pleasant	0.8130	0.7600	0.0530	0.8100	0.7530	0.0570
University Park	0.8130	0.7720	0.0410	0.8090	0.7710	0.0380
Upper Marlboro	0.8710	0.8360	0.0350	0.8540	0.8320	0.0220
Unincorporated Area	0.9600	0.9100	0.0500	0.9600	0.8940	0.0660

FY2008 Allocated General Fund Revenues

Some County revenues are allocated to cover some or all costs of specific services. Listed below are the allocated General Fund revenues.

<u>Agency/Department</u>	<u>Revenue Description</u>	<u>FY 2006 Budget</u>	<u>FY 2007 Budget</u>	<u>FY 2008 Approved</u>
County Council	Zoning Fees	\$ 25,000	\$ 62,000	\$ 62,000
	Total County Council	\$ 25,000	\$ 62,000	\$ 62,000
Office of Homeland Security	911 Fees	\$ 7,452,000	\$ 6,473,800	\$ 7,302,600
	Federal OEP Grant	79,000	90,000	80,000
	Total Office of Homeland Security	\$ 7,531,000	\$ 6,563,800	\$ 7,382,600
Board of License Commissioners	Liquor Licenses	\$ 964,600	\$ 1,051,600	\$ 1,044,500
	Total Board of License Commissioners	\$ 964,600	\$ 1,051,600	\$ 1,044,500
Board of Elections	Sale of Voter Material	\$ 10,000	\$ 10,000	\$ 8,000
	Total Board of Elections	\$ 10,000	\$ 10,000	\$ 8,000
Office of Central Services	Property Rental	\$ 764,100	\$ 800,000	\$ 800,000
	Sale of Surplus Property	148,300	120,000	115,900
	Total Central Services	\$ 912,400	\$ 920,000	\$ 915,900
Circuit Court	Bail Bondsman	\$ 402,000	\$ 592,500	\$ 616,800
	Circuit Court Marriage Certificate	47,000	50,000	42,000
	Domestic Relations-Master Salaries	547,000	405,000	385,500
	Jury Fees Reimbursement	500,000	635,000	653,100
	Court Appearance Fees	195,000	195,000	150,000
	Miscellaneous	5,700	5,700	5,800
	Total Circuit Court	\$ 1,696,700	\$ 1,883,200	\$ 1,853,200
Office of the Sheriff	Circuit Court & District Court	\$ 400,900	\$ 405,000	\$ 385,000
	Evictions Revenue	1,919,200	1,790,000	1,670,200
	Miscellaneous Fees	225,000	263,200	403,000
	Total Sheriff	\$ 2,545,100	\$ 2,458,200	\$ 2,458,200
Department of Corrections	Corrections Charges	\$ 4,197,400	\$ 3,884,400	\$ 3,673,000
	Total Corrections	\$ 4,197,400	\$ 3,884,400	\$ 3,673,000
Department of Environmental Resources	Building and Grading Permits	\$ 8,051,500	\$ 11,131,200	\$ 11,552,300
	Business Licenses (Apt. & SF Rental)	2,138,900	2,170,600	2,270,000
	Animal Licenses	151,600	146,700	159,600
	Business Licenses (Other)	479,300	448,600	452,900
	Misc. MNCPPC Revenue	750,000	750,000	750,000
	Total Environmental Resources	\$ 11,571,300	\$ 14,647,100	\$ 15,184,800
Department of Public Works and Transportation	Highway User Revenues	\$ 2,766,400	\$ 4,220,100	\$ 971,700
	Street Use Permits	3,084,100	5,812,900	6,130,800
	Total Public Works	\$ 5,850,500	\$ 10,033,000	\$ 7,102,500

<u>Agency/Department</u>	<u>Revenue Description</u>	<u>FY 2006 Budget</u>	<u>FY 2007 Budget</u>	<u>FY 2008 Approved</u>
Police Department	State Police Aid Grant	\$ 11,000,900	\$ 11,522,200	\$ 11,681,800
	Contractual Police Services	2,486,100	2,830,000	2,034,700
	Total Police	\$ 13,487,000	\$ 14,352,200	\$ 13,716,500
Fire/EMS Department	Contractual Fire Services	\$ 200,000	\$ 300,000	\$ 300,000
	Fees for Emergency Transportation & Related Services	972,000	1,105,000	1,950,400
	Miscellaneous Sales	4,600	5,800	5,800
	Total Fire	\$ 1,176,600	\$ 1,410,800	\$ 2,256,200
Volunteer Fire Department	State Fire Grant	\$ 1,112,300	\$ 1,112,300	\$ 1,111,000
	Total Volunteers	\$ 1,112,300	\$ 1,112,300	\$ 1,111,000
Health Department	State Health Grant	\$ 8,853,300	\$ 9,047,900	\$ 8,940,000
	Health Permits	1,564,800	1,656,500	1,673,100
	Health Fees	827,000	832,500	791,700
	Total Health	\$ 11,245,100	\$ 11,536,900	\$ 11,404,800
Department of Social Services	Federal Grant	\$ 180,000	\$ 0	\$ 0
	State DHR DSS Grant	442,000	390,900	480,000
	Total Social Services	\$ 622,000	\$ 390,900	\$ 480,000
Office of Finance	Telecommunications Tax	249,200	263,600	348,600
	Total Finance	\$ 249,200	\$ 263,600	\$ 348,600
Board of Education	State & Federal Aid/Board Sources	\$ 814,775,800	\$ 891,158,300	\$ 1,039,368,300
	Energy Tax	44,200,000	52,043,000	51,246,600
	Transfer Tax	92,369,400	127,098,000	135,100,000
	Telecommunications Tax	44,413,900	46,958,700	62,132,100
	Total Board of Education	\$ 995,759,100	\$ 1,117,258,000	\$ 1,287,847,000
Community College	State Aid/Tuition	\$ 53,827,800	\$ 54,522,400	\$ 55,805,000
	Total Community College	\$ 53,827,800	\$ 54,522,400	\$ 55,805,000
Memorial Library	State Aid/Fines	\$ 7,254,800	\$ 7,354,900	\$ 8,506,300
	Total Library	\$ 7,254,800	\$ 7,354,900	\$ 8,506,300
Sub-total		\$ 1,120,037,900	\$ 1,249,715,300	\$ 1,421,160,100
Debt	Highway User Revenues*	\$ 25,073,500	\$ 27,043,400	\$ 29,390,000
	Total Debt	\$ 25,073,500	\$ 27,043,400	\$ 29,390,000
Total		\$ 1,145,111,400	\$ 1,276,758,700	\$ 1,450,550,100

*Highway user revenue is used primarily on retiring debt for County GOB Bonds and State Participation Bonds.
If there is any money left from this revenue after debt service payments, it is used to fund road maintenance.

Revenue items in Allocated Revenues do not match revenues in Revenue Summary, which shows revenue groups instead of individual revenue accounts.

In FY 2006, three State grants (Anti-Violence; Drug; and Public Safety) were converted from general fund revenues to grants; and some previous recoveries are reclassified as revenues, such as Misc. MNCPPC Revenue.

CONSOLIDATED GRANT PROGRAM SUMMARY

PROGRAM NAME	FEDERAL CASH	STATE CASH	OTHER CASH	TOTAL OUTSIDE SOURCES	COUNTY CASH	TOTAL PROGRAM SPENDING*
<u>GENERAL GOVERNMENT</u>						
HUMAN RELATIONS FY 2008 TOTALS	\$ 137,700	\$ 0	\$ 0	\$ 137,700	\$ 0	\$ 137,700
OFFICE OF COMMUNITY RELATIONS FY 2008 TOTALS	\$ 0	\$ 28,000	\$ 0	\$ 28,000	\$ 6,500	\$ 34,500
<u>CRIMINAL/CIVIL JUSTICE</u>						
CIRCUIT COURT FY 2008 TOTALS	\$ 0	\$ 3,123,100	\$ 0	\$ 3,123,100	\$ 0	\$ 3,123,100
OFFICE OF THE STATE'S ATTORNEY FY 2008 TOTALS	\$ 0	\$ 568,100	\$ 0	\$ 568,100	\$ 28,000	\$ 596,100
OFFICE OF THE SHERIFF FY 2008 TOTALS	\$ 2,556,500	\$ 222,400	\$ 0	\$ 2,778,900	\$ 760,000	\$ 3,538,900
DEPARTMENT OF CORRECTIONS FY 2008 TOTALS	\$ 0	\$ 120,700	\$ 407,300	\$ 528,000	\$ 0	\$ 528,000
<u>PUBLIC WORKS & ENVIRONMENTAL RESOURCES</u>						
DEPARTMENT OF PUBLIC WORKS & TRANSPORTATION FY 2008 TOTALS	\$476,300	\$946,800	\$0	\$1,423,100	\$150,700	\$1,573,800
DEPARTMENT OF ENVIRONMENTAL RESOURCES FY 2008 TOTALS	\$1,150,200	\$31,000	\$0	\$1,181,200	\$48,800	\$1,230,000
<u>PUBLIC SAFETY</u>						
POLICE DEPARTMENT FY 2008 TOTALS	\$ 2,147,300	\$ 3,401,200	\$ 0	\$ 5,548,500	\$ 69,000	\$ 5,617,500
FIRE/EMS DEPARTMENT FY 2008 TOTALS	\$ 1,479,000	\$ 152,600	\$ 0	\$ 1,631,600	\$ 133,100	\$ 1,764,700
OFFICE OF HOMELAND SECURITY FY 2008 TOTALS	\$ 1,339,100	\$ 2,079,900	\$ 0	\$ 3,419,000	\$ 200,000	\$ 3,619,000
<u>HUMAN SERVICES</u>						
DEPARTMENT OF FAMILY SERVICES FY 2008 TOTALS	\$ 4,760,100	\$ 10,893,300	\$ 376,600	\$ 16,030,000	\$ 532,300	\$ 16,562,300
DEPARTMENT OF SOCIAL SERVICES FY 2008 TOTALS	\$ 9,522,400	\$ 1,784,600	\$ 391,100	\$ 11,698,100	\$ 0	\$ 11,698,100
HEALTH DEPARTMENT FY 2008 TOTALS	\$ 22,414,900	\$ 18,915,000	\$ 1,547,800	\$ 42,877,700	\$ 328,000	\$ 43,205,700
DEPARTMENT OF HOUSING & COMMUNITY DEVELOPMENT FY 2008 TOTALS	\$ 84,754,600	\$ 0	\$ 0	\$ 84,754,600	\$ 0	\$ 84,754,600
NON-DEPARTMENTAL FY 2008 TOTALS	\$ 0	\$ 0	\$ 2,000,000	\$ 2,000,000	\$ 0	\$ 2,000,000
TOTAL FY 2008 GRANTS	\$ 130,738,100	\$ 42,266,700	\$ 4,722,800	\$ 177,727,600	\$ 2,256,400	\$ 179,984,000

*Total Program Spending is the total of County Cash and Total Outside Sources.

EDUCATION REVENUE DETAIL

	FY 2006 Actual	FY 2007 Budget	FY 2007 Estimate	FY 2008 Approved	Change FY07-FY08
BOARD OF EDUCATION					
Unrestricted Federal Aid	\$ 114,889	\$ 394,400	\$ 394,400	\$ 424,900	7.7%
Restricted Aid - All Sources	81,432,036	92,114,800	92,114,800	90,730,900	-1.5%
Board Sources	13,999,454	11,966,900	11,966,900	41,912,800	250.2%
State Aid					
Current Expense Aid	\$ 449,835,655	\$ 476,733,500	\$ 476,733,500	\$ 525,710,500	10.3%
Handicapped Aid	55,038,624	64,702,000	64,702,000	71,572,000	10.6%
Transportation Aid	28,767,028	30,955,000	30,955,000	33,443,400	8.0%
Transition/Compensatory	137,929,554	154,105,200	154,105,200	195,229,000	26.7%
Limited English Proficiency	21,905,449	30,078,800	30,078,800	46,809,700	55.6%
Other State Aid	21,205,525	30,107,700	30,107,700	33,535,100	11.4%
	<u>\$ 714,681,835</u>	<u>\$ 786,682,200</u>	<u>\$ 786,682,200</u>	<u>\$ 906,299,700</u>	<u>15.2%</u>
Subtotal Outside Aid	\$ 810,228,214	\$ 891,158,300	\$ 891,158,300	\$ 1,039,368,300	16.6%
General County Sources	\$ 381,059,600	\$ 376,143,600	\$ 376,143,600	\$ 367,364,600	-2.3%
Telecommunications Tax	44,413,900	46,958,700	46,958,700	62,132,100	32.3%
Energy Tax	44,200,000	52,043,000	52,043,000	51,246,600	-1.5%
Transfer Tax	92,369,400	127,098,000	127,098,000	135,100,000	6.3%
	<u>\$ 562,042,900</u>	<u>\$ 602,243,300</u>	<u>\$ 602,243,300</u>	<u>\$ 615,843,300</u>	<u>2.3%</u>
Subtotal County Revenue	\$ 562,042,900	\$ 602,243,300	\$ 602,243,300	\$ 615,843,300	2.3%
TOTAL	\$ 1,372,271,114	\$ 1,493,401,600	\$ 1,493,401,600	\$ 1,655,211,600	10.8%
Note: Included in FY 2008 "Board Sources" is a Board of Education fund balance appropriation of \$25.6 million.					
COMMUNITY COLLEGE					
County Contribution	\$ 17,699,200	\$ 19,699,200	\$ 19,699,200	\$ 27,789,900	41.1%
State Aid	18,126,404	18,821,000	18,821,000	21,905,000	16.4%
Tuition and Fees	31,385,499	33,601,500	30,601,500	31,700,000	-5.7%
Other Revenues	1,525,303	1,100,000	1,300,000	1,200,000	9.1%
Fund Balance	0	999,900	3,802,000	1,000,000	0.0%
	<u>\$ 68,736,406</u>	<u>\$ 74,221,600</u>	<u>\$ 74,223,700</u>	<u>\$ 83,594,900</u>	<u>12.6%</u>
TOTAL	\$ 68,736,406	\$ 74,221,600	\$ 74,223,700	\$ 83,594,900	12.6%
LIBRARY					
County Contribution	\$ 15,982,800	\$ 17,786,100	\$ 17,786,100	\$ 18,572,000	4.4%
State Aid	5,496,826	6,048,900	6,048,900	6,566,300	8.6%
Interest	173,015	110,000	110,000	150,000	36.4%
Fines	847,753	528,000	528,000	515,000	-2.5%
Fees	262,820	248,000	248,000	245,000	-1.2%
Miscellaneous	460,868	420,000	420,000	1,030,000	145.2%
	<u>\$ 23,224,082</u>	<u>\$ 25,141,000</u>	<u>\$ 25,141,000</u>	<u>\$ 27,078,300</u>	<u>7.7%</u>
TOTAL	\$ 23,224,082	\$ 25,141,000	\$ 25,141,000	\$ 27,078,300	7.7%

MUNICIPAL TAX DIFFERENTIAL

PROGRAM INFORMATION

The Tax Property Article of the Annotated Code of Maryland (Title 6, Subtitle 6-305) mandates that the County recognize, through either a reduced County tax rate or direct grant payment, those governmental services and programs that municipal governments perform in lieu of similar County services, to the extent that these similar services are funded through the property tax rate.

FINANCIAL SUMMARY

Under the provisions of Title 17, Subtitle 10, Division 6 of the Public Local Laws of Prince George's County, each town's cost of each service identified in the prior-year County budget is assigned a tax rate equivalency value after adjustments are made to offset revenue directly allocable to a specific service. The aggregate town requests for "in lieu of" service credit, as certified by the County, are translated into a dollar value, which is the sum of the products of the tax rate equivalent cost of the service multiplied by each town's tax base. Each of these net service values is then reduced to reflect the portion of each County service paid for by the property tax levy. The sum of the tax rate values of the services constitutes the tax rate differential accruing to each town, i.e., the amount by which the County unincorporated area property tax rate

will be reduced in each respective town.

Beginning with FY 1999, County legislation set a five-year rolling average for changes in the municipal differential rates. Beginning in FY 2004 and each year thereafter, this changed to a three year rolling average. The purpose of this modification is to provide stability to municipal residents' County tax rates, smoothing what could otherwise be large rate changes that could be triggered by a reorganization of County services, economic fluctuations, changes in municipal service levels, or other factors.

In 2000, Maryland Senate Bill 626 provided that, beginning in FY 2001, property tax rates shall be applied to 100% of the market value of real property, rather than the 40% for most real property under previous law, and that county real property tax rates and municipal tax differentials be adjusted to make the impact revenue neutral. As a result, starting from FY 2002, a separate real property tax rate and a separate personal property rate have been applied. Also, a separate real property tax differential and a separate personal property tax differential have been applied, in accordance with State law and County code (CB-1-2001).

FY 2008 TAX DIFFERENTIAL RATES

Municipality	FY 2008 TAX DIFFERENTIAL		FY 2008 VALUE		
	PERSONAL PROPERTY	REAL PROPERTY	PERSONAL PROPERTY	REAL PROPERTY	TOTAL
Berwyn Heights	0.366	0.155	\$ 82,223	\$ 324,731	\$ 406,954
Bladensburg	0.386	0.163	78,579	499,211	577,789
Bowie	0.033	0.014	32,273	645,602	677,875
Brentwood	0.052	0.022	2,259	30,607	32,866
Capitol Heights	0.331	0.140	20,810	295,094	315,904
Cheverly	0.348	0.147	56,151	567,575	623,725
College Park	0.038	0.016	26,975	225,532	252,507
Colmar Manor	0.066	0.028	1,717	18,213	19,931
Cottage City	0.336	0.142	10,186	97,882	108,068
District Heights	0.354	0.150	14,985	404,028	419,013
Eagle Harbor	0.011	0.005	4	241	245
Edmonston	0.352	0.149	18,960	156,379	175,339
Fairmount Heights	0.195	0.083	2,185	63,744	65,929
Forest Heights	0.263	0.111	6,699	143,113	149,812
Glenarden	0.304	0.129	13,182	360,418	373,600
Greenbelt	0.397	0.168	349,612	2,554,729	2,904,341
Hyattsville	0.385	0.163	270,404	1,779,862	2,050,266
Landover Hills	0.368	0.156	11,040	109,610	120,650
Laurel	0.463	0.196	390,694	3,363,702	3,754,396
Morningside	0.333	0.141	5,944	101,519	107,462
Mount Rainier	0.381	0.161	13,898	446,693	460,591
New Carrollton	0.147	0.063	16,548	344,575	361,123
North Brentwood	0.025	0.011	226	3,538	3,764
Riverdale	0.393	0.166	54,597	625,858	680,456
Seat Pleasant	0.356	0.150	19,486	310,973	330,459
University Park	0.357	0.151	6,515	342,542	349,057
Upper Marlboro	0.251	0.106	36,476	73,708	110,184
Total			\$ 1,542,626	\$ 13,889,682	\$ 15,432,308

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